



Maryland
Energy
Administration

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

August 8, 2019

Notice of Grant Availability
FY20 CIAC Dispensation Fund Grant Program

Program Description: The Maryland Cost In Aid of Construction Dispensation Fund (“CDF”) Program issues grants from the Maryland Gas Expansion Fund (“MGEF”) to Local Distribution Companies (“LDCs”) for the purpose of avoiding cross-subsidization of costs for natural gas expansion. MGEF is a merger benefit resource in [Md. PSC 88631](#) held as a subaccount of the Strategic Energy Investment Fund (“SEIF”). The Maryland Energy Administration (“MEA”) administers the CDF Program. These grants are designed to help a LDC create and fund its own “Cost in the Aid of Construction (“CAIC”) Dispensation Fund,” dedicated to help promote natural gas distribution by defraying costs associated with installing natural gas infrastructure from the end of the utility asset to the customer’s meter - sometimes referred to as the “last mile” charge. CDF Program grants are distributed on a first come, first serve basis.

Distributions from an LDC’s CDF may serve to invest in assets for:

- New residential and nonresidential customers.

Such grants may be awarded to LDCs who presently hold a state and/or federal license to operate natural gas infrastructure in Maryland. Broadly, disbursements from the CDF Program allow for subsidized natural gas expansion, eliminating risk of cross subsidization paid for by other Maryland natural gas ratepayers. CDF disbursements shall be used to defray or eliminate costs for gas expansion projects in Maryland.

Program Budget: Up to \$1.2M for LDCs to establish CIAC Dispensation Funds.

NOTE: [PSC Order 88631](#) requires a majority of MGEF resources to be expended within the WGL service area. All applications shall indicate whether they are for projects within or outside of the WGL service area.

Eligible Market Industries:

- Organized businesses who presently hold or who have filed an application for a tariff or other license for natural gas distribution with the Maryland PSC.

Application Deadline: Applications will be accepted on a first come/first served basis until November 22, 2019, until funding has been expended, or until such a time as MEA publishes on its website.

Type of Grant Program:

- Subject to funding availability and restrictions, grants will be awarded to eligible applicants primarily on a first-come, first-served basis until the Program is fully subscribed.
- Grant applicants may apply for grants over multiple annual program cycles up to, but not exceeding, \$1.5M in total CDF assets.
- MEA reserves the right to increase or decrease the program budget.

Program Eligibility Requirements:

At a minimum, each applicant must:

- Use their CDF resources to defray or cover CIAC costs for commercial, industrial, and residential entities located in Maryland;
- Demonstrate in writing an ability to track expansion projects. Such tracking shall include details regarding prospective new customers who benefit from CDF disbursements and become new customers in an expansion project. The purpose of such tracking shall be to capture resources paid by subsequent customers in the same project who benefit from infrastructure constructed as a result of the initial disbursement in an effort to make CDFs financially self-sustaining;
- Meet all program requirements;
- Grantees must be in Good Standing with the [Maryland State Department of Assessments and Taxation](#) ("SDAT"). Please see the SDAT website to obtain a Certificate of Status to be included with your application package. Grantees who do not hold an SDAT designation shall furnish, for MEA's examination and endorsement, an enabling or otherwise authorizing section of the Maryland Code Annotated or some other writing to satisfy this requirement.
- Applicants must include any required tariff amendment filings, other filings with the PSC for tracking of project disbursements and receipts, or a written statement regarding the presence or absence of such filings; and
- Satisfy all applicable regulatory and environmental requirements.

To be considered for a grant award, an application must be complete, accurate, and signed by the LDCs authorized agent. In addition, the application must be accompanied by a Certificate of Status from the [Maryland State Department of Assessments and Taxation](#) completed by the LDC's authorized agent. Electronic application submittals are strongly encouraged.

General Terms, Conditions and Requirements:

- Applicants selected for an award under this Program shall be required to submit an IRS W9 form to MEA **prior** to award execution.
- To receive a grant, a successful applicant must be able to enter into a Grant Agreement with MEA by no later than February 28, 2020.
- MEA will **not** award grant funds to an LDC that starts construction of CDF subsidized expansion projects prior to the effective date of the applicant's Grant Agreement with MEA.
- CDF resources may not be disbursed for any work commenced prior to the effective date of the Grant Agreement with MEA.
- MEA reserves the right to obligate all or none of the *MEA CIAC FY20 Grant Program* budget, based on the quality and eligibility of applications submitted to MEA.
- Grantees will be required to submit data to MEA in order to comply with MEA's reporting obligations in Md. [PSC 88631](#).
- Submission of an application to the FY 2020 Program does not guarantee the applicant will be selected to receive a grant award.
- It is in MEA's sole discretion to determine if a proposed project is eligible to receive a grant award from the FY 2020 Program.
- All projects must be located within the State of Maryland.
- MEA or its representative(s) may use photos and video of the project, and data presented in the application for marketing, publicity, and advertising purposes. MEA and its representatives, subject to the requirements of the Maryland Public Information Act, and other applicable laws, will not divulge any confidential information or trade secrets.
- MEA and its contractors make no representation or warranty and assume no liability with respect to quality, safety, performance, or other aspect of any infrastructure design, system, or appliance installed pursuant to this application, and expressly disclaim any such representation, warranty, or liability.
- Program General Terms, Conditions, and Requirements are subject to change.
- **American Manufactured Goods:** Effective October 1, 2019, Chapter 757 of the 2019 Acts of the General Assembly of Maryland will require any new loan or grant funded by the SEIF to a unit of State or local government to comply with §14-416 and §17-303 of the State Finance and Procurement Article. Applicants affected by this requirement should take it into account when developing FY20 applications to SEIF-funded programs. FY20 SEIF-funded grant agreements will contain a section outlining the American Manufactured Goods requirements with which impacted grantees will be required to comply.
- **Project Location:** Effective October 1, 2019, Chapter 757 of the 2019 Acts of the General Assembly of Maryland will require at least 80% of workers participating in a SEIF-funded project or program to reside within 50 miles of the project or

program. As the SEIF funds a statewide program, MEA will determine compliance based on whether at least 80% of workers participating in a SEIF-funded project reside in Maryland, or within 50 miles of Maryland's borders. Applicants should take this new requirement into account when developing FY20 applications to SEIF-funded programs. FY20 SEIF-funded grant agreements will contain a section further outlining this requirement, including any documentation of compliance that will be required before grant funds are disbursed.

Required Application Documents:

MEA Application: Please note that the name on the MEA Application must match the name and address listed on the applicant's W9 form.

Each applicant must submit the following documents with the MEA application

- Current Certificate of Status provided by the [Maryland State Department of Assessments and Taxation](#)
- Copy of the LDCs Maryland natural gas tariff or another writing demonstrating the LDCs license to distribute natural gas in Maryland.

For more information or assistance, please visit <https://energy.maryland.gov/Pages/meip.aspx> or contact David Giusti at David.Giusti1@maryland.gov. Applications should be submitted electronically to MEIP.MEA@maryland.gov.